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From: Joanie Sutter <jsutter@nutmegtv.org>
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Subject: Hearing Date - Thursday - Feb. 19th, Proposed Bill #5555

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February 18, 2015

Attention: Energy and Technology Committee
Legislative Office Building, Room 3900
Hartford, CT 06106

Re: Proposed Bill 5555 – An Act Concerning the Public, Educational and Governmental Programming and Educational Technology Investment Account (PEGPETIA) Grant Program.

Thank you for the opportunity to provide comment to this Public Hearing on February 19, 2015 regarding Proposed Bill 5555.

BACKGROUND

PA 07-253 ("The Act") required companies that were not cable companies (specifically AT&T Uverse) to obtain a **certificate** to provide video programming. This **certificate** was subject to some of the same requirements as cable companies for PEG Access, notably operations funding and channel space, but they were *not subject* to "other" requirements like subsidized capital and equipment costs related to producing and procuring local programming. PEG negotiated for these needs about every ten (10) years during franchise renewals that are not required now with this **certificate**.

To make matters worse for PEG, once one of these providers (AT&T Uverse) entered into the territory of a cable company, the act allows the cable company to apply for the same **certificate** in lieu of its existing franchise.

And, they did. This resulted in PEG having no additional ways to negotiate much needed technology advances.

"The Act" did allow new funding for PEG. It subjected providers to a gross earnings tax and established a **nonlapsing** public, educational and governmental programming and education technology investment account (PEGPETIA) in the General Fund beginning October 1, 2007. It established PURA (formerly DPUC) as the administrator of fund distribution as is described in Docket 07-10-11. Essentially, it was a mechanism by which applicants could apply for much needed financial support to keep PEG an up-to-date, viable community resource.

The loss of franchise renewals was damaging enough, but at least the application process with supporting funds was in place, though not for long.

Fast forward from 2007 to now and the fund has been swept many times, leaving us to fight each time for reinstatement.

Refer to PA 07-253, Sec. 26(b) and you will note that this tax is "upon the gross earnings from (1) the lines, facilities, apparatus and auxiliary equipment in this state used for operating a community antenna television system, or (2) the transmission to subscribers in this state of video programming by satellite or by a certified competitive video service provider.

So, certificate holders and satellite companies are taxed by the State on their gross earnings and these taxes are specifically mandated in PA 07-253 to go to PEG. Yet, they can be taken away leaving us with no mechanism for advancement.

Couple that with the probable reduction of cable subscribers, due to the increase in over the top content (OTT – delivery of audio, video and other media over the internet without involving cable or satellite), and we've got reductions in our financial base. In fact, when you look at the website for the State of Connecticut, you can easily click on the CTN button and go right into viewing with no cable subscription at all.

The language in Proposed Bill 5555 is currently sparse; we look to you, our legislative leaders to create and support a more robust Bill to once again allow a reliable system for PEG funding to exist.

Sincerely,

Joanie Sutter

Joanie Sutter
Executive Director



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